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I appreciate that you've taken the time to hold these hearings and that you are looking for input from people such as me that provide jobs. If there is one reason I am here it is that I believe that this proposal is broadly misunderstood when it comes to the effects on business such as mine and so many other small businesses.

My business is Spicer's Boat City in Houghton Lake. I provide 65 persons with full-time, year-round jobs with great benefits including health and dental insurance, life insurance, a 401(k) retirement plan, bonuses, and a very generous profit sharing program – benefits, I think, that rival or exceed those of many other industries including manufacturing.

First, I want to make it very clear I support manufacturing in Michigan. Manufacturing is critical to our state. Manufacturers provide many people with good jobs both directly and indirectly. Many of my customers work for manufacturers. And, I think it's appropriate for you to see what you can do to benefit them. However, this plan is the wrong way to go about it.

I had my CPA analyze the effect of this proposal on my business. The net effect of the administration's SBT tax shift plan will raise my SBT over 80%. I am sure the effect varies from business to business, but I imagine it has a similar effect on many, many other businesses.

We have a successful operation with a great customer base and a strong business plan. Nevertheless, the Michigan economy makes it challenging to grow your business, this being a time when there are fewer discretionary dollars available. My strategic plan calls for investing significantly in my facility in the near future in order to meet customer expectations and stay ahead of my competition. A tax increase of this magnitude at this time would have me think twice whether or when I could expand my operation and add those jobs. I'm concerned about my own business, but I'm more concerned with the broader effect of this plan on the Michigan economy, specifically, the northern Michigan economy.

I've seen the press releases inferring that this proposal will save small business people taxes. I don't see it. I asked a small business owner in my town what he knew about the proposal. He said he had heard it was supposed to lower his taxes. I asked him if he ran the numbers. He said no – that it would cost him \$150 an hour to have his CPA do that and business wasn't that good to spend that right now. Therein lies the problem. This tax is so confusing most people do not understand it.

I subscribe to the Wall Street Journal and I was disappointed to read the editorial March 23rd titled "Michigan is for Taxers". They said this "new taxing scheme for Michigan looks a lot like the industrial policy model of Old Europe, where.. governments try to pick winners and losers – and usually make a mess of it." And that we're the only state to levy such a tax on its businesses – a tax that often requires hefty sums to be paid regardless whether the business is able to show a profit. That this plan "may well keep Michigan Number One – in high taxes, business relocations, and job losses." Now, wouldn't you rather have business people nationwide read that Michigan instead has eliminated an unfriendly, unfair tax and is now open for business?

The specific provisions that would raise taxes on my business and, I suspect, so may others are:

The corporate profits weighting calculation – taxing profits three times, not once.

The elimination of the gross receipts reduction.

The elimination of the unincorporated business credit. I have an S-corp, as so many small business people do. My CPA explains that I am already paying SBT and personal income tax on my business income, and that the elimination of this credit will amount to a substantial increase.

Yes, it's true the "tax rate" is reduced. However, the increases I just mentioned amount to double what I would save with the reduced tax rate. Again, the net effect is an increase in tax of over 80%.

I feel we need a simple, level playing field in Michigan – not favored, chosen industries whose tax burden is shouldered by others. This to me isn't reform. Reform, to me, involves some measure of simplicity and fairness. This is neither simple nor fair.

I understand that there are very difficult decisions to be made, and I give you credit for listening to job providers and trying to gather the facts. First, I hope that our government would make every attempt to better align state expenses with our declining population. I would suggest that any break given to manufacturers not be saddled on the backs of other Michigan businesses. And I hope that any tax reform would be fair, and could be written about in national business newspapers as one that declares Michigan is open for business and open for all types of business.

Finally, I want to reiterate that manufacturing is critically important to Michigan and reducing the tax burden is a good first step. I have serious reservations with this plan, however. I fear that Michigan's small business owners, who supply so many of the jobs in this state, will wake up to realize they've been hit with a significant tax increase, and they'll be forced to make adjustments to their businesses that will do more damage to our state's economy.